

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L DUBLIN 2041

E.O. 11652: GDS

TAGS: EGEN, EI

SUBJ: TOUR D'HORIZON OF IRISH/US RELATIONS WITH INDUSTRY MINISTER
KEATING

1. I CALLED ON JUSTIN KEATING, MINISTER FOR INDUSTRY AND
COMMERCE, ON NOVEMBER 7 TO HAVE A GENERAL DISCUSSION OF IRISH/US
RELATIONS AS WELL AS THE IRISH ECONOMY. KEATING, WHO HAD
JUST RETURNED FROM A TRIP TO JAPAN AND THE UNITED STATES, HAD
PERTINENT COMMENTS TO MAKE ON A NUMBER OF SUBJECTS:

2. US/IRELAND RELATIONS: KEATING NOTED THAT IRELAND UNDOUBTEDLY
WOULD ENJOY MANY BENEFITS FROM MEMBERSHIP IN THE EUROPEAN
COMMUNITY. HOWEVER, HE WAS VERY EMPHATIC IN HIS VIEW THAT
THIS MUST NOT DETRACT IN ANY WAY FROM IRELAND'S TIES WITH
THE UNITED STATES. FOREIGN INVESTMENT IN IRELAND IS VITAL
TO THE DEVELOPMENT OF THE IRISH ECONOMY AND US INVESTMENT IS
THE MOST IMPORTANT. ANY DIMINUTION OF ECONOMIC RELATIONS
BETWEEN THE TWO COUNTRIES WOULD BE DETRIMENTAL TO IRELAND.
IN FACT, KEATING SEEMED TO PLACE MORE VALUE ON IRELAND'S
TIES WITH THE US THAN THOSE WITH THE EC.

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3. US TAX LEGISLATION: KEATING SAID THAT THE PRINCIPAL

PURPOSE IN HIS RECENT TRIP TO THE UNITED STATES WAS TO LOBBY AGAINST ANY US TAX LEGISLATION THAT MIGHT DISCOURAGE US INVESTMENT IN IRELAND. HE POINTED OUT THAT THE ADVANTAGES ACCRUING FROM SUCH INVESTMENT ARE NOT JUST ONE-SIDED; HE REGARDS US INVESTMENT AS BENEFICIAL TO US INVESTORS AND TO THE US ECONOMY. KEATING NOTED THAT US COMPANIES NOW SEEM TO BE MORE AWARE OF THE IMPORTANCE OF THEIR FOREIGN INVESTMENTS THAN THEY WERE IN 1973 WHEN HE MADE HIS LAST LOBBYING TRIP TO THE US. KEATING SAID THAT THE US COMPANIES HAVE PREPARED VERY GOOD ARGUMENTS AGAINST TAX LEGISLATION THAT WOULD PENALIZE US INVESTMENT ABROAD, AND HE FOUND IN TALKING TO VARIOUS CONGRESSMEN THAT US INDUSTRY HAD ALREADY PRESENTED A GOOD CASE. KEATING FELT THAT THE THREAT OF LEGISLATION ADVERSELY AFFECTING FOREIGN INVESTMENT HAS BEEN AVERTED FOR THE NEXT 18 MONTHS TO TWO YEARS.

4. US CONTRIBUTIONS TO THE IRA: KEATING SAID THAT DURING HIS VISIT TO THE UNITED STATES HE HAD OCCASIONS TO SPEAK TO IRISH/ AMERICAN GROUPS. HE SAID THAT HE INVARIABLY RAISED THE QUESTION OF US CONTRIBUTIONS TO THE IRA AND HE FOUND THAT MANY OF HIS LISTENERS WERE SURPRISED TO FIND AN IRISH MINISTER SAYING THAT THESE CONTRIBUTIONS DO NOT HELP IRELAND; ON THE CONTRARY, THEY ARE DAMAGING TO IRELAND. HE WENT ON TO SAY THAT FOREIGN MINISTER FITZGERALD HAD MADE MANY SPEECHES IN THE US AND HAD DONE A GREAT DEAL TO EDUCATE POTENTIAL DONORS TO THE IRA, BUT HE FEELS THAT THE IRISH GOVERNMENT MUST MAKE A GREATER EFFORT IN THIS RESPECT. I TOLD KEATING THAT WE ENTIRELY AGREE WITH HIM. I POINTED OUT THAT WE DO WHAT WE CAN TO DISCOURAGE CONTRIBUTIONS TO TERRORIST ORGANIZATIONS, BUT SUCH A MESSAGE COMING FROM THE MOUTHS OF IRISH OFFICIALS WOULD CARRY MUCH MORE WEIGHT.

5. OFFSHORE OIL: WE DISCUSSED BRIEFLY PROSPECTS OF OIL DEVELOPMENT IN IRELAND'S OFFSHORE AREAS. KEATING WAS VERY REALISTIC. HE SAID THAT HE DOES NOT KNOW HOW MUCH OIL AND GAS THERE IS. EVEN IF IT PROVES TO BE A GREAT DEAL, IT WILL NOT BE A PANACEA FOR IRELAND'S ECONOMIC PROBLEMS. THERE MUST BE BALANCED GROWTH AS WELL AS GENERAL DEVELOPMENT OF SKILLS IN THE ECONOMY. THE IDEA THAT OIL WOULD SOLVE ALL PROBLEMS IS ILLUSORY. HE NOTED IN PASSING THAT IN HIS DEALINGS WITH OIL COMPANIES HE HAS TRIED TO ACHIEVE AN EVEN BALANCE. ON THE ONE

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HAND, THE GOVERNMENT HAS TO MAKE PROSPECTS ATTRACTIVE ENOUGH TO ENTICE FOREIGN COMPANIES TO IRELAND. ON THE OTHER HAND, THE GOVERNMENT MUST GET ENOUGH IN RETURN TO MAKE WHATEVER DEAL MAY BE CONCLUDED POLITICALLY ACCEPTABLE ON THE DOMESTIC SCENE.

6. IT WAS APPARENT THROUGHOUT THE CONVERSATION THAT KEATING NOT ONLY LOOKS TO THE US FOR INVESTMENT, BUT HE HAS A KEEN APPRECIATION OF THE IMPORTANCE OF THE US IN TAKING A LEAD IN

RECOVERY FROM THE CURRENT RECESSION.

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